

m/037/088



State of Utah

Department of
Natural Resources

Division of
Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

March 1, 2004

TO: Carl Roberts, Accounting Supervisor *Carl Roberts*

THRU: Lowell P. Braxton, Director *Lowell P. Braxton*

THRU: Mary Ann Wright, Associate Director *M. Ann Wright*

THRU: D. Wayne Hedberg, Permit Supervisor *D. Wayne Hedberg*

FROM: Joelle Burns, Engineering Tech *Joelle Burns*

SUBJECT: Request to Return the Recent Cash Surety Bonds from State Treasurer's Office to the Division of Oil, Gas and Mining

On February 26, 2004, we notified operators who recently posted cash as their form of reclamation surety that the State Treasurer's office could no longer manage financial accounts at no cost to the operator. The operators were informed that if they wished to maintain a cash bond, there would be an annual account management fee for each bond, and the Division would have to request additional surety from them to cover these costs. We advised the operators that it may be in their best interest to post Certificate of Deposits (CD) or Letters of Credit rather than cash.

To date, four of the five operators have notified us that they will post a CD rather than be asked for additional monies for maintenance fees. However, they will need the cash back in order to purchase the CD. We are therefore, requesting that the State Treasurer's office return a check for each mine site, which can be returned to the operator for this purpose.

As instructed by the Division Director, the Division technical staff will meet with each of the operators to turn the check over to them and have them purchase a CD while the staff member is present. This will ensure that the Division will have a surety for these mine sites at all times.

M/037/088

Memo to Accounting
Page 2 of 2
March 1, 2004

Please furnish the following checks:

\$ 5,000	Western Utah Copper Company	E/001/152
\$ 5,000	Dumont Nickel, Inc.	E/045/138
\$ 5,000	Ralph Simpson	S/047/078
\$15,720	Rocanville Stone	M/027/087
\$12,100	Summo USA Corporation	M/037/088

Thank you for your help in resolving this situation with the surety bonds.

jb
O:\cash-bonds-return-03012004.doc